Kentucky Lock

Superstructure Pre-Bid Conference

19 July 2005

Superstructure Pre-Bid Presentation Topics

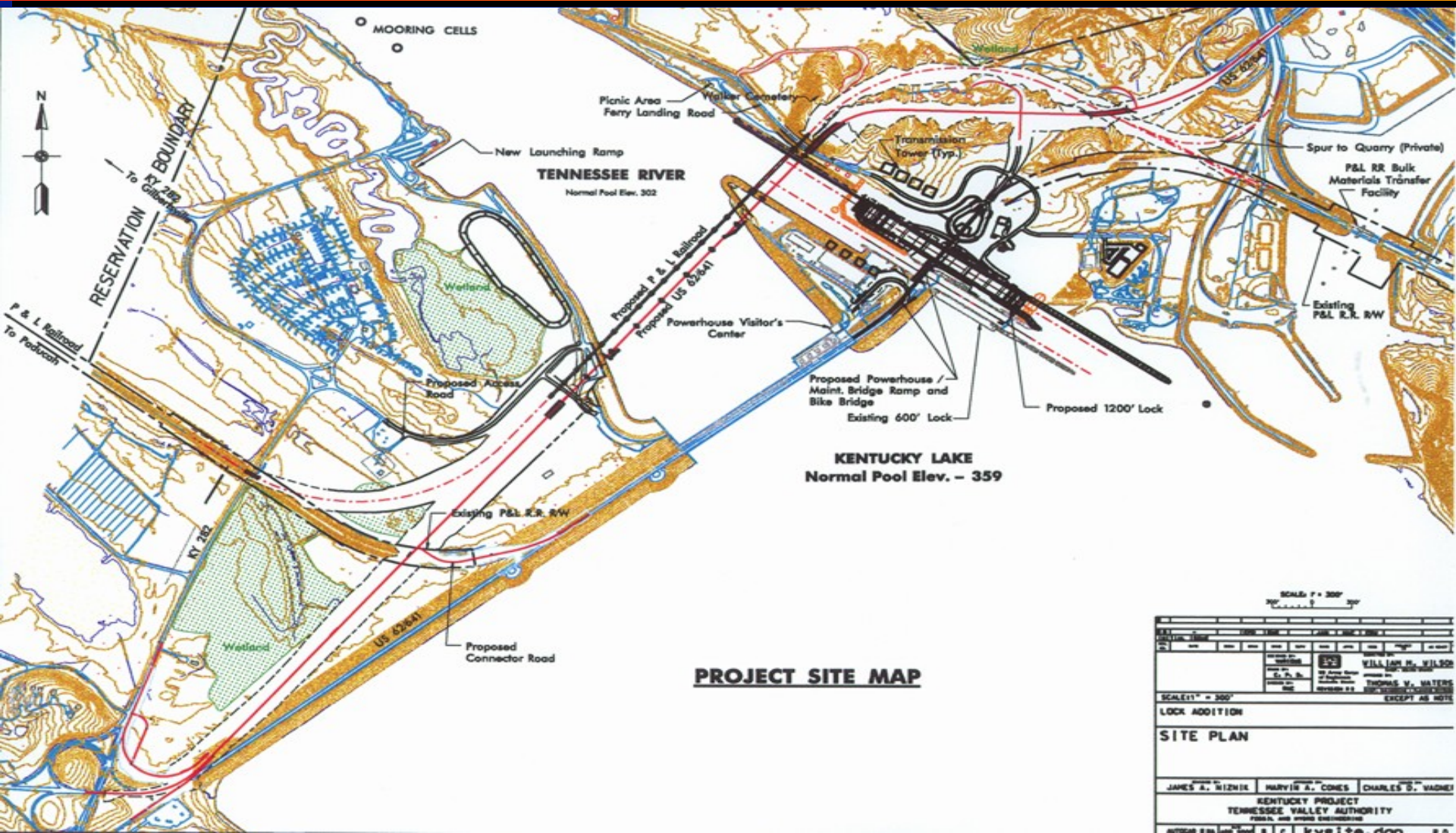
- Overview of Project and Status
- Organizations and POC's
- Funding for Project/Superstructure
- Superstructure Contract
  - Phasing
  - Continuing Contracts Clause
  - Sequencing/Restrictions/Requirements
- Economic Price Adjustment
- Forthcoming amendments

1500'
1200'
600'
1500'

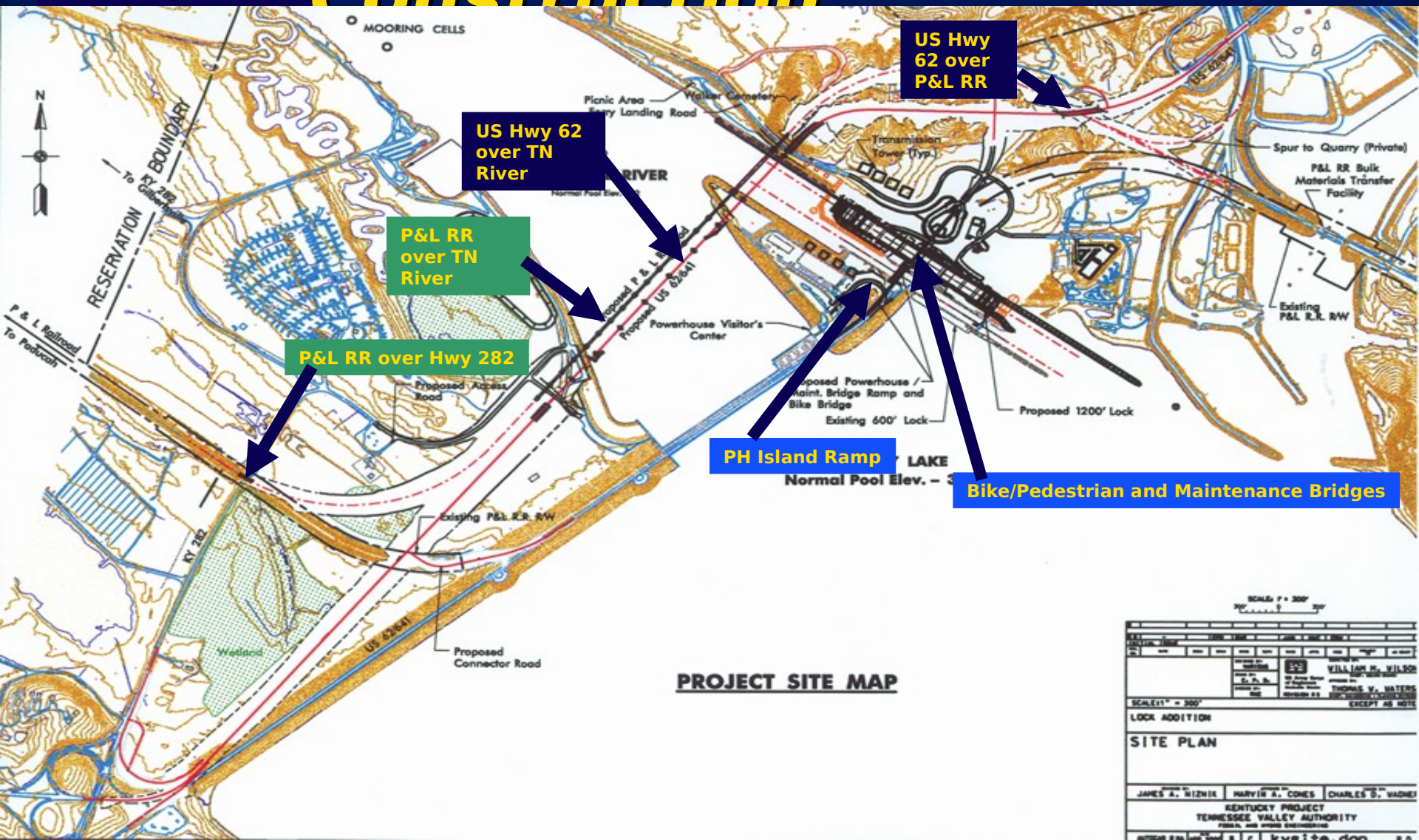
Kentucky Lock Addition Artist Rendering

TN River Bridges

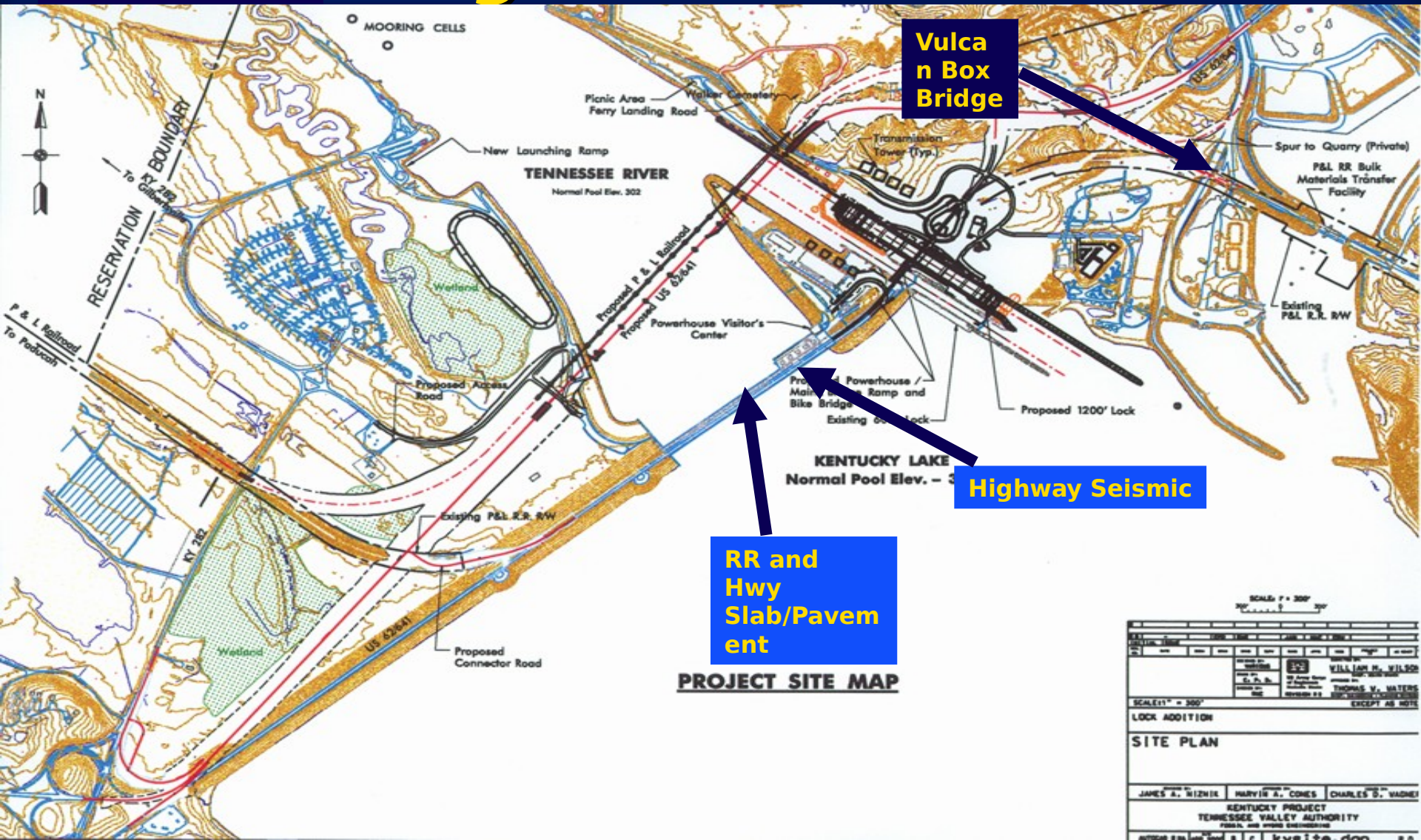
Site Map


MOORING CELLS
N
RESERVATION BOUNDARY
To KY 283 Gilbertsville
P & L Railroad To Paducah
New Launching Ramp
TENNESSEE RIVER
Normal Pool Elev. 302
Picnic Area
Ferry Landing Road
Walker Cemetery
Wetland
Transmission Tower (Typ.)
US 62&641
Spur to Quarry (Private)
P&L RR Bulk Materials Transfer Facility
Existing P&L R.R. R/W
Proposed P & L Railroad
Proposed US 62&641
Powerhouse Visitor's Center
Proposed Access Road
Proposed Powerhouse / Maint. Bridge Ramp and Bike Bridge
Existing 600' Lock
Proposed 1200' Lock
KENTUCKY LAKE
Normal Pool Elev. – 359
Existing P&L R.R. R/W
KY 282
Wetland
US 62&641
Proposed Connector Road
PROJECT SITE MAP
SCALE: 1" = 300'
LOCK ADDITION
SITE PLAN
JAMES A. NIZNIK
MARVIN A. CONES
CHARLES D. VAGNEY
KENTUCKY PROJECT
TENNESSEE VALLEY AUTHORITY

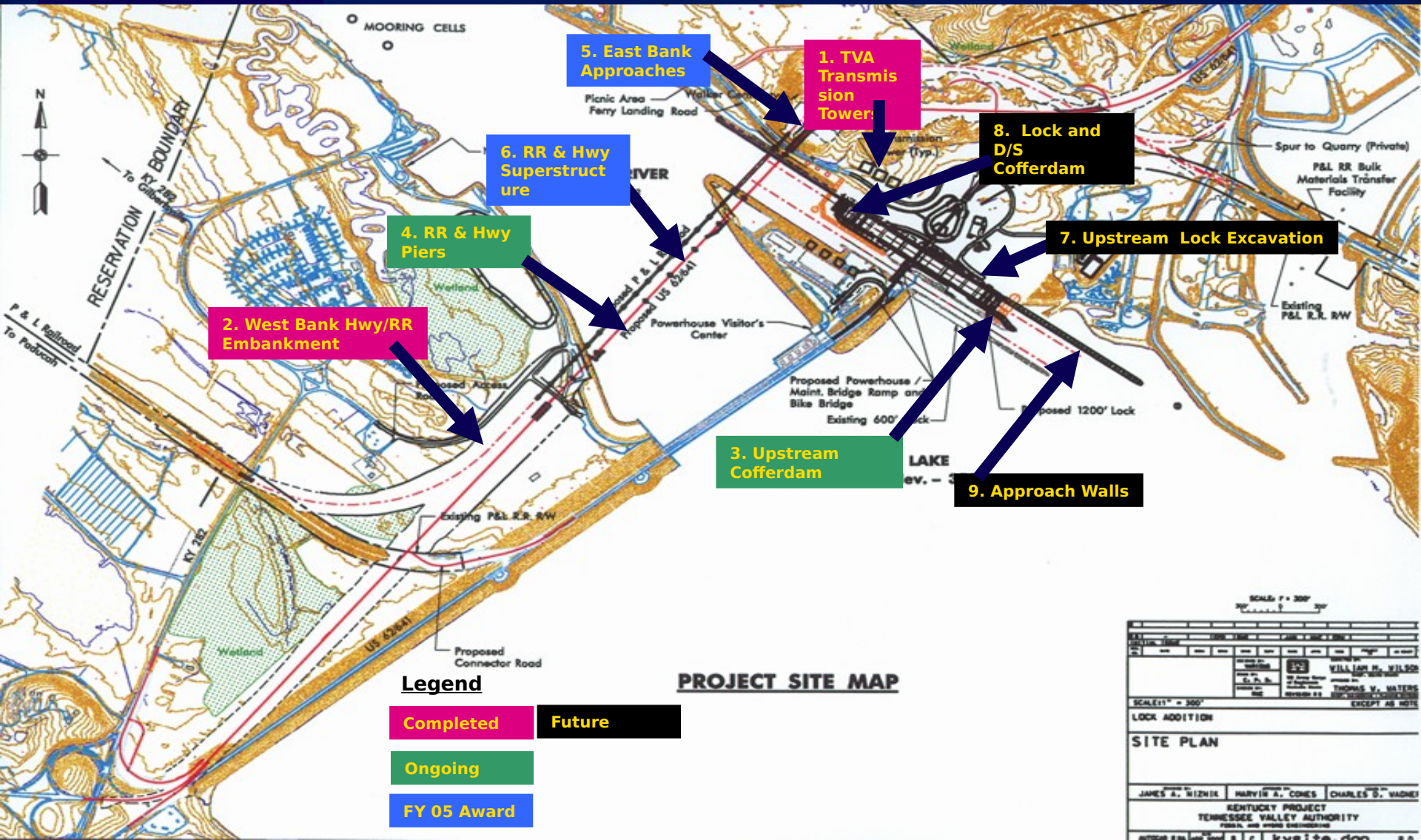
New Bridge Construction



Bridge Retrofits



Kentucky Lock
Major Construction Contracts

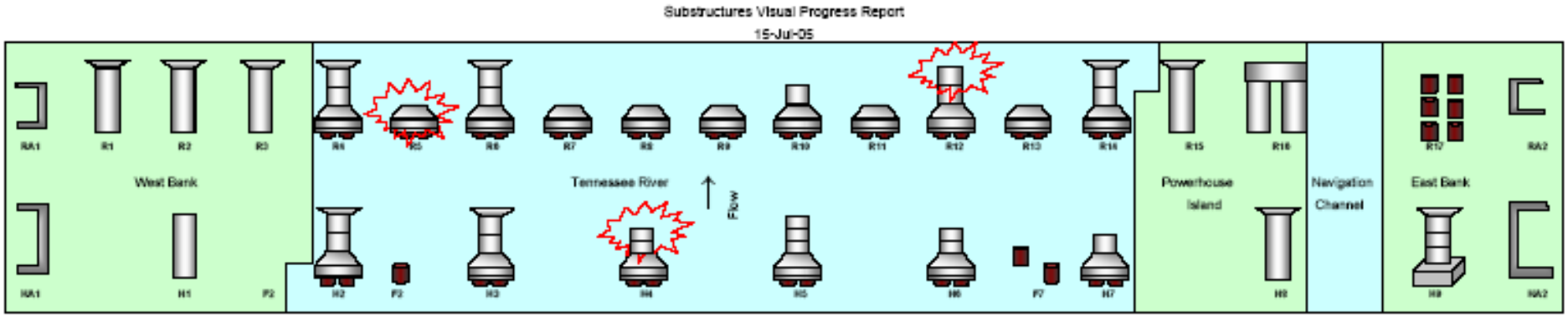


Kentucky Lock Possible Contract Schedule

Activity Description	Start Date	End Date
RR/Hwy Piers	SEP 2001	JAN 2006
U/S Cofferdam	SEP 2001	NOV 2005
Superstructure	SEP 2005	MAR 2010
East Bank Approaches	JUL 2005	NOV 2006
U/S Lock Excav.	AUG 2006	NOV 2007
Lock and D/S Cofferdam	OCT 2007	2014?

Annual Project Funding ($M's)

Substructure Status
15 July 2005



East Bank Approaches

- Bid Opening held on 24 June 2005
- Proceeding with award process for second low bidder – a joint venture of SRS and K&K.
- Expect award within the next two to three weeks.
- 19 Month contract duration

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Superstructure Organizations

- **TVA**
  - Landowner and owner of bridges on dam.
    - Jim Niznik – Project Coordinator
    - Rick Otte – Powerplant/Dam Supervisor
    - Ronnie Nanney – Reservation Maintenance Supervisor
- **Paducah and Louisville Railway, Inc.**
  - Future owner of RR Bridges
  - P&L work crews will be involved in late stage construction. Lot of interaction/coordination will be required throughout the contract.
  - Robbie Buchanan – Chief Engineer and Roadmaster
- **Kentucky Transportation Cabinet**
  - Future owner of highway bridges off dam
  - Ted Merryman – District Engineer

Superstructure Organizations (Cont.)

- Vulcan Materials, Inc.
  - Owner of haul road bridge
  - Bill Barrett – Special Projects
- Corps of Engineers, Nashville District
  - Construction Agent
    - Cassandra Mora – Contracting Officer
    - Beryl Newsome – Contract Specialist
    - Johnny Wilmore – Temporary ACO
    - Tony Ellis – Project Engineer
    - Don Getty – Project Manager

Superstructure Organizations (Cont.)

- **Designers**
  - **Railroad**
    - **Hanson Professional Services**
      - John Harms – Project Manager
  - **Highway**
    - **American Consulting Engineers**
      - Don Mills – Project Manager

Superstructure Pre-Bid Presentation Topics

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Kentucky Lock Addition – Recent Funding History

($000)

	Budget	House	Senate	Conf	S&S	Reprogram	Avail. Funds
FY01	14,900	19,000	27,700	30,000	-4,858	-1,000	24,142
FY02	14,400	20,400	23,000	22,000	-3,516	+1,200	19,684
FY03	27,400	30,000	31,000	30,000	-5,538	-1,458	23,004
FY04	24,866	24,900	45,000	29,866	-6,784	-500	22,582
FY05	25,000	45,000	NA	32,500	-3,628	0(?)	28,872
FY06	0	21,750	32,000	???			

Funding Process

- **President's Budget**
  - Released in early February
  - Typically used as a starting point for House appropriators
  - New performance based budget process in FY 06 relied mainly on Remaining Benefit to Remaining Cost Ratio (RB/RC)
  - KY Lock is only about 25% complete and its RB/RC of 2.7 was below the FY 06 cut-line of 3.0; and thus, was zeroed out in the FY 06 budget.

Funding Process (cont.)

- House Appropriations Committee
  - # Typically developed/released in June. For FY 06, $21.75M was released in May.
  - Congressman Ed Whitfield
- Senate Appropriations Committee
  - # Typically developed/released in July. For FY 06, $32.0M was released in June.
  - Senators Mitch McConnell and Jim Bunning

Funding Process (cont.)

- House/Senate Conference Committee
  - # optimally developed/released in September, but many times is later. For FY 05, $32.5M was released in December 2005, over 2 months into the FY.
  - When Conference amount and President's signature on the Energy and Water Appropriation Bill is delayed beyond the start of the FY, then we typically operate under Continuing Resolution Authority (CRA).
  - Typically under CRA, we receive sufficient early funding to continue construction at a normal pace.

Funding Process (cont.)

- **FY 05**
  - **Plan to obligate $2M to the Contract**
- **FY 06**
  - **Non-Superstructure KY Lock Project obligations are approximately $10M, but could go higher.**

Funding Process (cont.)

- **FY 07**
  - **FY 07 budget process is ongoing**
  - **KY Lock's current RB/RC is healthy**
  - **Current Corps policy is to have higher budget priority for ongoing, continuing contracts.**

Comparison of Funding for Ohio Basin Lock Projects

	President's Budget Amount ($M's)					Final Appropriation Amount ($M's)				
FY	KY Lock	Marmet	McAlpine	Lower Mon	Olmsted	KY Lock	Marmet	McAlpine	Lower Mon	Olmsted
FY 01	14.9	6.5	14	35	38.1	30	10.2	18	60	56
FY 02	14.4	6.2	13.6	34.5	34	22	27.1	18.6	40.5	40
FY 03	27.4	11	6.2	36	77	30	50	21	42	65
FY 04	24.9	52.2	26.1	35	73	29.9	65.2	35	37.5	63
FY 05	25	50	58	31	75	32.5	75	68.5	35.5	69
FY 06	0	68.8	70	50.8	90					
Total Cost	640	333	380	870	1,350					

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Phasing

- **Phase 1**
  - Hwy units 1 and 2
  - Main river bridge structural steel shop drawings
  - Exploratory drilling
  - Partial paving existing highway bridge
- **Phase 2**
  - All remaining features of the contract
  - Phase 2 is not an Option

Phasing (cont.)

- Why – To keep FY 06 Superstructure earnings to a level within expected available funds.
- No such requirements for FY 07 and beyond.
- Described in Section 01000

Phasing (Cont)

- Phase 1 Notice to Proceed issued as soon as required submittals are approved.
- Phase 2 NTP issued in 4th Quarter of FY 06 – 1 July 06 to 30 September '06.
  - By February 06, should know President's Budget number
  - By June 06, may know House FY 07 Appropriations Committee number.

Continuing Contracts Clause and Reprogramming

- CCC – There have been recent efforts to revise the current CCC, but this contract will have the longstanding version of the CCC in it.
- Reprogramming – Under pressure from Congress, the Corps has implemented procedures to restrict the use of reprogramming. The Contractor should not rely on reprogramming to cover possible funding shortfalls.

Special Requirements

- Section 01000
  - Coordination with other Contractors
  - Sequencing of work
  - Tailwater and dam information
  - Access restrictions
  - Training requirements – Dam Safety, FRA, and MSHA

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Economic Price Adjustment Clause

- Why include this clause
  - Phasing
  - Volatile steel market
- EPA Clause has required approval in Corps HQ; therefore, we cannot make any substantial changes to it.
- We would consider taking this Clause out of the Solicitation in its entirety for rebar and/or structural steel.

Economic Price Adjustment Clause (Cont)

- Price adjustment made once per year with monthly computations – to coincide with index publishing.
- A 5% trigger both up and down before making a price adjustment.
- Price adjustments only for structural steel and rebar.
- Price adjustments computed based on index % change applied to base price.

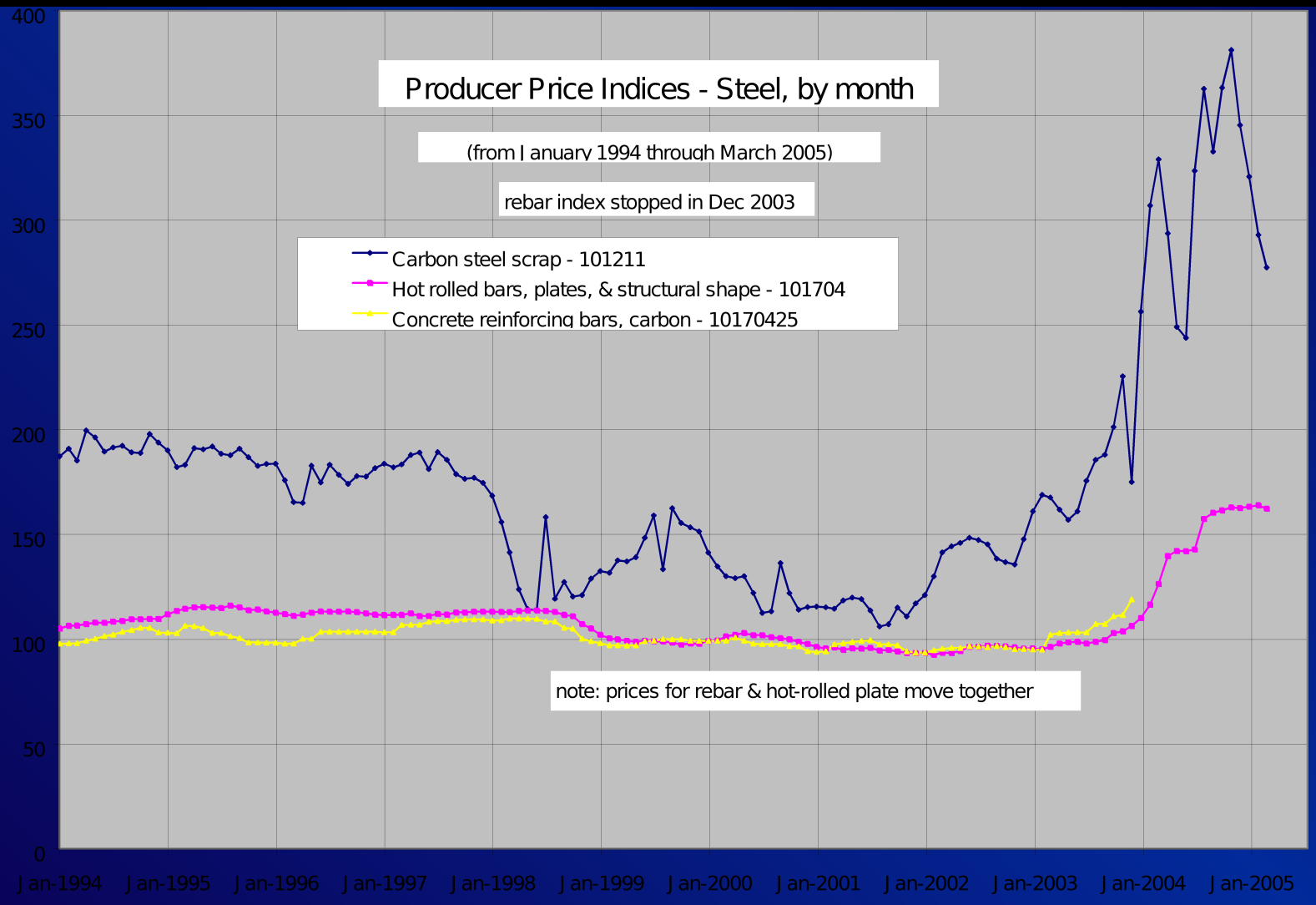
Base Price

- **Base Price**
  - **Base price is made by dividing bid lump sum amount by the plan quantity. Results in a $/pound amount.**

Index Selection

- **Bureau of Labor Statistics vs. American Metals Market**
  - **In 2004, AMM did not reflect surcharges**
  - **BLS is a government body with a long history**
  - **BLS has an index and alternate index suitable to our needs.**

Steel BLS Price Indices



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Forthcoming Amendments

- Addition of Small Water lines
- Overcoat Paint System revisions
- Revisions to joints on existing dam bridges
- West Bank Fishing Pier Parking Lot revisions

Forthcoming Amendments (cont.)

- **01000**
  - Delete East Bank Detention Basin and Waterline requirements
  - Coordination with East Bank Approaches Contractor
  - Boat basin depths
  - Powerhouse Island Warehouse relocation timing by others
  - Security restrictions
  - Referenced drawings into Volume 5

Forthcoming Amendments (cont.)

- 01000
  - FRA Training requirements